

**CAPITOLA CITY COUNCIL
SPECIAL JOINT MEETING
CAPITOLA CITY COUNCIL/SUCCESSOR AGENCY
TO THE FORMER REDEVELOPMENT AGENCY
JOINT BUDGET STUDY SESSION
THURSDAY, JUNE 6, 2013 - 6:00 PM**

1. ROLL CALL AND PLEDGE OF ALLEGIANCE

Council Members Ed Bottorff, Dennis Norton, Michael Termini, Sam Storey, and Mayor Stephanie Harlan.

City Treasurer Kym DeWitt was absent.

2. COUNCIL/CITY TREASURER/STAFF ANNOUNCEMENTS

Mayor Harlan announced the following events: (1) Rod & Custom Class Car Show on June 8th and 9th in Esplanade Park; (2) City's Wednesday Twilight Concerts beginning June 12th; Carolyn Swift, City's historian, will be speaking at the Chamber luncheon on June 11th at the Shadowbrook.

3. GENERAL GOVERNMENT/PUBLIC HEARINGS

- A. Continued Budget Study Session on the proposed 2013/2014 Fiscal Year Budget for the City of Capitola General Fund, the Capitola Successor Agency, and the Capital Improvement Program (CIP). [330-05/780-30]

Public Works Director Jesberg reviewed City vehicles to be purchased in Fiscal Year 2013/2014. Also, he stated that later this year a request for proposals will be brought to the City Council to lease/purchase a street sweeper.

Police Chief Escalante stated that staff is recommending replacing the City's two used Harley Davison motorcycles with Honda motorcycles. He stated that the proceeds from the motorcycles sold will cover the costs for new motorcycles; therefore this expenditure does not impact to General or Equipment Funds.

Finance Director Hannah presented the proposed purchase of the New World Systems Payroll/Human Resources Software. She stated that this item was not included in the proposed Fiscal Year 2013/2014 budget, but funding was available in the IT Fund. The New World Systems software would replace the current ADP contract. This purchase would result in long-term savings as much as \$19,000 per year.

City Manager Goldstein stated that the funding for the proposed software would come out of the Information Technology Fund therefore no new appropriation of funds is needed. He reviewed the multi-year milestones regarding expiring revenue, debt, and various known changes over the next five years.

Finance Director Hannah reviewed options to create a "stabilization fund" for projected operating deficits in Fiscal Years 2015/2016 and 2016/2017. She stated that a potential source for such a fund is \$500,000 in insurance settlement proceeds currently programmed for debt reduction and/or reducing the CIP in the current year.

City Manager Goldstein stated that creating a stabilization fund for projected operating deficits could be one approach. As an alternative staff and Council could closely monitor the City's budget, keeping a close eye on revenues/expenditures over the coming years. He does not recommend cutting the CIP in the current year because in future years the City may need to cut the CIP to make it through any the cash flow issues.

Council Member Termini asked what amount of funding in the City's reserve would be needed to have a fully funded reserve in Fiscal Year 2014/2015.

City Manager Goldstein stated that to get the City to a fully funded reserve by FY 14/15, two years ahead of schedule, it would take an additional allocation of approximately \$1 million beyond the amounts the current budget/projections assume.

Public Works Director Jesberg reviewed the proposed CIP for Fiscal Year 2013/2014: (1) Pedestrian crossing improvements at Stockton and Esplanade; (2) Hill Street pedestrian improvements from Capitola Avenue to Rosedale Avenue; (3) complete conversion of the Rispin property to a park (most urgent need is the Rispin-Peery pathways and ADA accessibility); (4) street frontage and landscaping improvements to historic Depot site at Monterey Avenues and Park Avenue. The total estimates cost is \$3,337,000.

Council Member Storey suggested not funding the Rispin since the City does not know if they own the property. He stated that it was his understanding that Monterey Park was the place for a future skateboard park however he is open to look at different location.

City Manager Goldstein suggested renaming the Rispin Project the "Rispin/General Park Improvement Projects" by combining the Rispin and Monterey and Park Avenues Historic Depot Improvement (\$130,000) projects. This would enable staff to identify funds for the Rispin if it becomes City property in addition there may be additional park improvement projects.

Council Member Bottorff suggested obtaining input from the community on a skate park location and the Rispin property and increasing the CIP contribution this FY from the settlement proceeds.

City Manager Goldstein stated that the FAC recommended \$300,000 be earmarked for reserves from the settlement. He stated that based on the Measure O ballot language staff is recommending a three part allocation of the settlement proceeds; putting money into the CIP, debt reduction, and the reserves. In next year's budget there is programmed \$500,000 coming in from Measure O funds into the CIP. An option would be to establish a "Parks Fund" in the amount of \$130,000. He suggested those funds could be used on any of the three projects if they come to fruition this next year.

There was City Council consensus to form a "Park Fund" to include a potential skate park, Rispin Park, and Monterey and Park Avenues Historic Depot improvements. To combine the \$130,000 towards a "Parks Fund".

City Manager Goldstein asked if the City Council would like to see Monterey and Park Avenues Historic Depot improvements done this year if we are able to bring it forward for consideration.

Council Member Storey suggested looking into matching grant park funds as a guiding principle.

Public Works Director Jesberg discussed the Village sidewalk cleaning and garbage removal budget; the City is currently working with the Business Improvement Area Advisory Committee to develop a new cleaning schedule and funding program. The City Manager has proposed a potential plan to develop an annual business fee for take-out establishments to augment this budget.

City Manager Goldstein stated that the City received a request from Capitola/Soquel Chamber of Commerce to increase their funding back to \$30,000 per year. In the proposed Fiscal Year 2013/2014 budget they are programmed for \$23,500. He stated that the Equipment Fund amount could be reduced to restore the Chamber's funding back to the historic level.

Sandy Erickson, local resident, stated concerns regarding the allocation of the settlement funds. In addition, she stated that the City should cover the entire cost of street cleaning and garbage pickup.

Council Member Storey stated that due to a conflict of interest he will recuse himself from participating on the portion of this item regarding the community grants because he is Community Bridges CEO, and voting on this item would be a conflict of interest. He left the dias for the evening.

Administrative Services Director Murphy presented the Community Based Health and Human Service Providers Grant process. She stated that the City Council appointed Mayor Harlan and Council Member Termini to a subcommittee to develop a recommended list for allocating the \$250,000. The subcommittee met on June 4th where they reviewed the applications and have prepared a recommendation for Council consideration. She stated that all funding amounts remain at the Fiscal Year 2012/2013 level with the exception of five providers who are recommended for an increase in funding. The subcommittee is not recommending funding any new applicants this year. The recommendation is an overall increase in the budget of \$3,270, for a new total budget of \$253,270. She stated that the following five providers are recommended for small increases: (1) CASA of Santa Cruz County; (2) Conflict Resolution Center; (3) Hospice of Santa Cruz County; (4) Save our Shores; and (5) Volunteer Center.

The following provided support to fund the GLBT program.

Kathleen Johnson, Advocacy Inc.

Jane Schwickerath, GLBT 60+ Seniors Program Volunteer Coordinator

Scott Winslow, Central Coast for Independent Living

The following thanked the City Council for the proposed Fiscal Year 2013/2014 funding:

Laura Segura , Women's Crisis Support Life Support

Shauna Mora, Conflict Resolution Center for Santa Cruz County

Brook Johnson, Second Harvest Food Bank.

There was City Council consensus to add the Diversity Center/GLBT (Gay, Lesbian, Bisexual, & Transgender).

Mayor Harlan requested that the five-year CIP list be discussed at a future City Council meeting. (Public Works Director Jesberg responded that he plans to bring the five-year CIP plan to the August City Council meeting).

ACTION Motion made by Council Member Termini, seconded by Mayor Harlan, to fund The Diversity Center/GLBT (Gay, Lesbian, Bisexual, & Transgender) from the Equipment Fund in the amount of \$1,000 for Fiscal Year 2013/2014. The motion was passed unanimously.

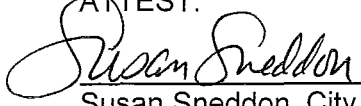
ACTION Motion made by Council Member Termini, seconded by Council Member Norton, to continue the adoption of a Resolution approving the proposed 2013/2014 Fiscal Year Budget for the City of Capitola General Fund, the Capitola Successor Agency, and the Capital Improvement Budgets to the June 13, 2013, Special Joint Meeting. The motion was passed unanimously.

4. ADJOURNMENT

Mayor Harlan adjourned the meeting at 7:45 p.m. to the next Special Budget Study Session of the City Council on Thursday, June 13, 2013 at 6:00 PM, in the City Hall Council Chambers, 420 Capitola Avenue, Capitola, California.

Chairperson Harlan adjourned the meeting at 7:45 p.m. to the next Special Budget Study Session of the City Council on Thursday, June 13, 2013 after the adjournment of the Regular City Council Meeting in the City Hall Council Chambers, 420 Capitola Avenue, Capitola, California.


Stephanie Harlan, Mayor

ATTEST:
, CMC
Susan Sneddon, City Clerk

MINUTES WERE UNANIMOUSLY APPROVED ON JUNE 27, 2013